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ANNUAL REPORT

OIL AND GAS CONSERVATION COMMISSION

FISCAL YEAR ENDED JUNE 30, 1969

A N N U A L R E P O R T
of the
OIL AND GAS CONSERVATION COMMISSION

to the
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

for the
FISCAL YEAR ENDED
June 30, 1969



STATE OF MONTANA

ADMINISTRATORS

NORMAN J. BEAUDRY, EXEC. SECRETARY
P.O. BOX 217
HELENA, MONTANA 59601
DONALD A. GARRY, ATTORNEY
422 NORTH EAGLE AVENUE
HELENA, MONTANA 59601

JURSON D. SWIFT
PETROLEUM ENGINEER
15 PINE DRIVE
BILLINGS, MONTANA 59101
HERBERT D. HADLEY, GEOLOGIST
15 PINE DRIVE
BILLINGS, MONTANA 59101



COMMISSIONERS

WINSTON L. COX, CHAIRMAN
525 SECURITIES BLDG
BILLINGS, MONTANA 59101
ALLEN ZIMMERMAN, VICE CHAIRMAN
P.O. BOX 217
POPLAR, MONTANA 59255

E. G. BALSAM
2300 PEARL
MILES CITY, MONTANA 59301
L. V. HARRIS
HORSKY BLOCK BLDG
HELENA, MONTANA 59601
C. J. IVERSON
WHITLASH, MONTANA 59545

OIL AND GAS CONSERVATION COMMISSION

325 FULLER AVENUE
BOX 217
HELENA, MONTANA 59601

July 31, 1970

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002,
R.C.M. 1947, we herewith transmit to you the report of
the Oil and Gas Conservation Commission covering the
fiscal year ended June 30, 1969.

Respectfully submitted,

Norman J. Beaudry
Executive Secretary



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PRINCIPAL OFFICES AND OFFICERS

OIL AND GAS CONSERVATION COMMISSION

Officer	Term of Office	Home Address
Winston L. Cox, Chairman 4/1/65 to 4/1/70		2512 Raymond Place Billings, Montana
Allen Zimmerman, Vice Chairman 4/1/66 to 4/1/71		P. O. Box 277 Poplar, Montana
L. V. Harris, Commissioner For an unexpired term 4/1/67 to 4/1/72		1800 - 9th Avenue Helena, Montana
E. G. Balsam, Commissioner 4/1/68 to 4/1/73		2300 Pearl Miles City, Montana
C. J. Iverson For an unexpired term 4/1/69 to 4/1/74		Whitlash, Montana

Principal Administrative Officers

Norman J. Beaudry	Executive Secretary
Judson D. Sweet	Petroleum Engineer
Herbert D. Hadley	Geologist

Principal Office

325 Fuller Avenue, Helena, Montana 59601



INTRODUCTION

The origin of the Oil and Gas Conservation Commission of the State of Montana was with the thirty-third Montana Legislatures passage of "An Act Defining and Prohibiting the Waste of Oil and Gas in the State of Montana; Creating and Establishing the Oil and Gas Conservation Commission; Defining the Powers and Duties of the Commission with respect to Conservation of Oil and Gas; Providing for the Enforcement of the Act and the Rules, Regulations and Orders of said Commission; Providing for the Filing and Hearing of Complaints Concerning Waste of Oils and Gas, and for Oaths, Subpoenas, Records, Suits and Appeals; Providing for Financing Activities of the Oil and Gas Conservation Commission; Repealing Sections 60-101 through 60-123 both inclusive, and Section 8-208, Revised Codes of Montana, 1947; and Providing for effective date." Reference: Sections 60-124 through 60-148, Revised Codes of Montana, 1947, as amended.



COMMISSION AUTHORITY AND DUTIES

1. To require: (a) identification of ownership of oil or gas wells, producing properties and tanks; (b) the making and filing of acceptable well logs, reports on well locations, and the filing of directional surveys, is made, provided, however, that logs of exploratory or wildcat wells need not be filed for a period of six (6) months following completion of such wells; (c) the drilling, casing, producing and plugging of wells in such a manner as to prevent the escape of oil or gas out of one stratum into another, the intrusion of water into oil or gas stratum, blowouts, cavings, seepages, and fires; and the pollution of fresh water supplies of oil, gas, salt or brackish water; (d) the furnishing of a reasonable bond with good and sufficient surety, conditioned for performance of the duty to properly plug each dry or abandoned well; (e) proper gauging or other measuring of oil and gas produced and saved to determine the quantity and quality, thereof; (f) that every person who produces, transports or stores oil or gas in this state shall make available within this state for a period of five (5) years complete and accurate records of quantities, thereof, which records shall be available for examination by the Commission or its agents at all reasonable times, and that every person file with the Commission such reports as it may prescribe with respect to quantities, transportations and storages of such oil or gas.
2. For the purpose of preventing waste: (a) to regulate the drilling, producing and plugging of wells, the shooting and chemical treatment of wells, the spacing of wells, operations voluntarily entered into to increase ultimate recovery such as cycling of gas, the maintenance of pressure, and the introduction of gas, water or other substances in producing formations and (b) to fix, upon application made by any interested person after hearing, efficient gas-oil and water-oil ratios for any particular well or wells.
3. To regulate disposal of salt water and oil field wastes.
4. To classify wells as oil or gas wells for the purposes material to the interpretation or enforcement of this act.
5. To promulgate and to enforce rules, regulations and orders to effectuate the purposes and the intent of this act.



MAJOR ACCOMPLISHMENTS

During the period of July 1, 1968 to June 30, 1969, the Commission set a total of nineteen hearings. One hearing was initiated on motion of the Commission and eighteen were received from firms or individuals. Two administrative orders were issued without Commission hearing. The following is a list of the 19 hearings held by the Commission and the two Administrative orders issued:

- 5 Exception to spacing
- 4 Delineating, naming and establishing field rules
- 5 Unitization and waterflood programs
- 2 Redelineation
- 1 Commission motion on spacing
- 1 Re-hearing on waterflood
- 1 Amendment to Commission order
- 1 Administrative order for disposal of water
- 1 Administrative order for exception to spacing

The Commission issued nine-hundred (900) permits to drill wells within the state, of which five hundred eighteen (518) were drilled and completed for oil and gas. Of the five hundred eighteen (518) wells completed, one hundred thirty-five (135) were completed as oil wells, sixteen (16) gas and three hundred sixty-seven (367) were dry and abandoned. The total footage of the 518 wells drilled was 2,722,496 feet, an average of 5,256 feet per well.

Two stratigraphic wells were drilled for test purposes and twenty-two service wells were drilled for waterflood operations.



FINANCIAL STATEMENT

July 1, 1968 to June 30, 1969

Fund Balance on Hand--July 1, 1968	\$136,728.00
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Revenue:

Natural Gas Production Tax	\$ 3,310.82
Crude Oil Production Tax	220,386.64
Well Drilling Permit Fees	61,750.00
Fees Collected for Copies of Transcripts, Logs, etc.	129.50
Interest Income on Investment	8,382.18
Miscellaneous Income	<u>10.00</u>
	<u>293,969.14</u>

Total Funds Available	\$430,697.14
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Expenditures:

Personal Services	\$141,848.19
Operations	70,911.45
Capital	<u>3,696.64</u>
	<u>216,456.28</u>
	\$214,240.86

Transferred Out by Disposition:

Investment--U. S. Treasury Bills	<u>150,000.00</u>
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Fund Balance on Hand--June 30, 1969	<u>\$ 64,240.86</u>
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SOURCES OF FUNDING:

Oil and Gas Conservation Commission Earmarked Fund No. 221900	<u>\$216,456.28</u>
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